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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY USSR

REPORT NO.

SUBJECT Possibility That USSR May Dump Cotton on World Market in Order to Depress Prices

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1. West-Ost Wirtschaftsdienst, a German publication, in its issue of 10 Oct 53 carried the following Translation by source:
2. "The Soviet Union after having offered the UK 15 thousand bales of cotton, is going to make additional offers to other countries purchasing cotton.
3. "The Soviet Union considers itself as one of the largest cotton producers of the world. According to their contention, the total production of cotton in the USSR is larger than the production of Egypt, India and Pakistan together. An export campaign of quality cotton will be started, originating from the production of the newly established State Domains and Kolkhozes at the mouth of the Amu-Darya and in the Caspian Plains. Total production increased from 2,580,000 tons in 1937 to over 3,740,000 tons in 1950 and 4,300,000 tons in 1953. In accordance with the plan, at the end of 1955 a total production of five million tons is envisaged.
4. "The cotton export organization 'EXPORTLJON' is expected to spring a surprise next year by exporting a large quantity of cotton with the objective of depressing the world market price."
5. [REDACTED] The figure of 4,300,000 tons means, of course, seed cotton. Supposing that 1/3 in lint cotton will result, this would mean approximately 6,500,000 bales. Total production of Egypt, India and Pakistan amounts to somewhat over six million bales. [REDACTED] the total requirement of the Soviet industry amounts to 4 to 4 1/2 million bales annually, adding to this another million bales for the Satellites and considering that the Soviet Union has to

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import the short Indian and the quality Egyptian cotton because such qualities are not produced in the Soviet Union, EXPORTJON would easily have 1 to 1½ million bales at their disposal for dumping. Needless to say that such an operation would not only hurt us but also small countries like Syria and Turkey which cannot afford to subsidize their cotton production as we can. In other words, the implication is that such a dumping transaction would possibly be quite effective political propaganda.

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